

FINANCING INSTRUMENTS USED IN THE CENTRE DEVELOPMENT REGION

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The paper presents the main financing instruments (projects) used in the Centre Region, approaching aspects regarding the Centre Development Region, such as its features in terms of the geographical profile of employment. In regard to the involvement of the population to the economic life, statistics show relatively low values of the overall activity and employment rates recorded primarily in the rural area. If we consider only the population included in the age group 15 to 64, the active population represent 62.2% of total, and the employment rate is 56.3% of the total active population, both declining in the last 15-20 years. At regional level, in order to implement the regional development policy in accordance with Law no. 315/2004 on regional development in Romania, two institutions are functioning: Regional Development Board and “Centru” Regional Development Agency. The paper also presents the use dynamics of funds in the Centre Region. Starting with 2007, “Centru” Regional Development Agency has become an intermediary body within ROP 2007-2013 with the role of promoting and managing the funds allocated to this region. In regard to the stage of implementation of ROP in the Centre Region, starting with February 25th, 2011, all 12 key areas of intervention of the programme were launched and a number of 1.053 projects were submitted in the Centre Region for a total amount of 1.033,99 million euro, the paper showing a diagram of the submitted projects. There is also a diagram of the amounts requested for funding the projects submitted until February 25th, 2011 at the Centru RDA and the available financing budgets on priority axes. Until February 25th, 2011, a number of 174 projects were contracted under ROP for a total value of 1.549.430.419,97 lei. In the end, we review the main indicators of the contracted projects. They belong to rural development, transport infrastructure, social infrastructure, regional and local business environment, tourism development and promotion.

Key words: Centre Region, labour force, project, indicators, structural funds

JEL codes: R1, R58

CENTRE Development Region

In the context of the economic and political changes that took place in our country, it was required and important steps have already been taken towards ensuring a proper institutional structure for adopting and implementing a coherent policy of regional development. On these lines, based on Law no. 151/1998 repealed and replaced by Law no. 315/2004 on regional development in Romania, were established eight regions of

development in Romania and the institutions that implement the regional development policy at the level of these development regions – Regional Development Agencies and Regional Development Boards.

The development regions represent the framework for developing, implementing and assessing policies of regional development, as well as programmes of economic and social cohesion. Development regions also represent a framework for collecting specific statistical data in accordance with European regulations developed by EUROSTAT for the territorial units for statistics NUTS II.

In this context, by associating the administrative and territorial units of Alba, Braşov, Covasna, Harghita, Mureş and Sibiu countries, the “CENTRU” Development Region was created.

This geographical area is not an administrative and territorial unit and has no legal personality; it represents only the application framework of the regional development policy at the level of the six counties. The implementation of the regional development policies in the Centre Region is done by the “Centru” Regional Development Agency.

In regard to the involvement of the population to the economic life, statistics show relatively low values of the overall activity and employment rates, recorded primarily in the rural area. If we consider only the population included in the age group 15 to 64, the active population represent 62.2% of total, and the employment rate is 56.3% of the total active population, both declining in the last 15-20 years

At regional level, in order to implement the regional development policy in accordance with Law no. 315/2004 on regional development in Romania, two institutions are functioning:

Regional Development Board;

“Centru” Regional Development Agency.

The use dynamics of funds in the Centre Region

From the moment it was set up until the accession of Romania to the European Union in 2007, Centru RDA, as implementing authority, had managed at regional level a series of financing programmes with funds from the European Union, as well as from the Romanian Government. The main pre-accession fund of EU managed at regional level by Centru RDA was **PHARE, component of Economic and Social Cohesion**. On these lines, 20 financing schemes of the PHARE 1998 – 2006 programme were carried out and they provided funding in areas like: supporting the SMEs sector, development of human resources, social infrastructure, educational infrastructure, environmental infrastructure (waste management, water supply and sewage), local and regional infrastructure (transports, tourism, business structures). These funding schemes helped implement in the Centre Region a number of **472 projects with a total value of 95.32 million euro, 55,71 million euro of this amount being non-refundable funds**.

Between 1998 and 2006, Centru RDA also managed a series of programmes with funding from the state budget, which focused on investments for the support of companies located in areas with problems, investments in tourism and in social services. Thus, **95 regional projects** were implemented, **having a total value of 21,82 million euro, 9,04 million euro of this amount being non-refundable funds**.

These projects created: 1617 jobs, 27 waste collection systems, rehabilitated county roads, 17 streets and alleys and 3 bridges rehabilitated in Sovata resort, 9 rehabilitation

works of the water supply and sewage network, 1 industrial park, rehabilitation of 38 schools and resource centres, 4 new workshops, 12 rehabilitated workshops, 20 social centres (new and rehabilitated), 374 training courses, 18.361 trained people, 32 environmental studies and projects, 11 feasibility and business management studies.

Since 2007, after Romania's accession to the European Union, Centru RDA has become an Intermediary Body within the **Regional Operational Programme 2007-2013**, whose role is to promote and manage the funds allocated to the Centre Region through this programme. As such, the Regional Development Agency takes over some of the tasks of the Management Authority – established in the structure of the Ministry for Regional Development and Tourism.

ROP implements the key elements of the National Strategy of Regional Development of the National Development Plan (NDP), contributing together with the other Sectoral Operational Programmes to achieving the objective of the National Strategy of Regional Development and of the National Strategic Reference Framework, namely to reduce economic and social development disparities between Romania and the EU member states. The Regional Operational Programme was approved and became operational on July 12, 2007.

The strategic objective of the Regional Operational Programme 2007-2013 consists of supporting the economic, social, territorially balanced and sustainable development of Romanian regions depending on their specific needs and resources, with emphasis on the urban growth poles, the improvement of the basic infrastructure and of the business infrastructure in order to make Romania's regions, especially those a little behind, more attractive places to live, visit, invest and work.

The Framework Document for Implementation – a national programmatic document – was developed on the basis of the Regional Operational Programme and details, on areas of intervention, who are the beneficiaries of projects, eligible activities, eligibility and selection criteria for projects, the size of financial allocation, the implementation, monitoring and evaluation system. The Framework Document for Implementation of ROP was approved by joint Order of the Ministry of Economy and Finance no. 403260/06.06.2008 and Ministry of Development, Public Works and Housing no. 736/06.06.2008, amended by Order of the Ministry of Regional Development and Tourism no. 2653/20.12.2010 and Order of the Ministry of Public Finance no. 25/04.01.2011.

The Regional Operational Programme comprises 6 priority axes at national level, which include 14 key areas of intervention. These 6 priority axes are:

Axis 1 - Support to sustainable development of cities – urban growth poles

Axis 2 – Improvement of regional and local transport infrastructure

Axis 3 – Improvement of social infrastructure

Axis 4 – Strengthening the regional and local business environment

Axis 5 – Sustainable development and tourism promotion

Axis 6 – Technical assistance

Through ROP, 3,726 billion euro are allocated to Romania from the European Regional Development Fund for the period 2007-2013. In addition, the national contribution (public and private) is 0,703 billion euro, the total sum allotted through ROP being 4,437 billion euro.

The financial allocations for each region were established during the first meeting of the Regional Operational Programme Monitoring Committee (ROPMC), which took place on August 16, 2007. **The Centre Region - Alba, Braşov, Covasna, Harghita, Mureş and Sibiu counties – was allotted 10,9% of the total ROP budget for Romania, meaning 483,62 million euro for the period 2007-2013, of which 455,48 million euro came from ERDF and the state budget.** The allocation of funds on development regions was done in accordance with the objective of ROP 2007-2013 regarding **the support of a balanced development for all the regions of Romania**, inversely proportional with the development level of the regions. In this regard, the less developed regions and areas received more money in order to prevent the increase of existing economic and social disparities between regions. To achieve a fair distribution, they used as indicators the Gross Domestic Product per capita, adjusted with a coefficient of population density. The ROP budget was distributed on axes, as follows: sustainable development of cities (31,36% of ROP budget), improvement of regional and local transport infrastructure (19,76%), improvement of social infrastructure (14,81%), strengthening the regional and local business environment (17,93%) and sustainable development and tourism promotion (16,14%).

The financial allotments of ROP established as percentage on regions, axes and areas within the ROPMC meeting don't have a definitive character. During the implementation of the programme and as a result of intermediary evaluations, the ROP Monitoring Committee may approve reallocation between certain axes and/or areas of intervention.

The implementation stage of ROP at the level of the Centre Region

Until **February 25th, 2011**, all 12 key areas of intervention of the programme had been launched and a number of **1.053 projects had been submitted in the Centre Region** for a total amount of 1.033,99 million euro.

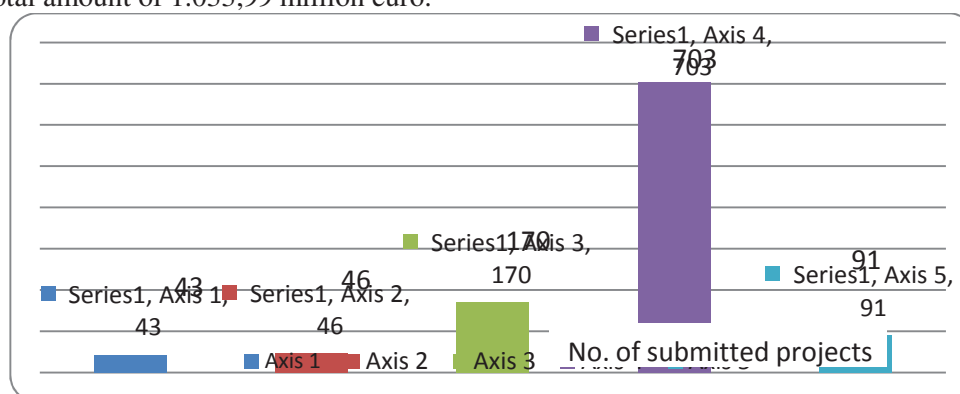


Fig. 1 Number of submitted projects

Of the 1053 submitted projects:

-174 projects have been contracted: 14 projects within Priority axis 1, 13 projects on key area of intervention 2.1 of ROP 2007-2013 – “Rehabilitation and modernization of county roads and urban streets network – including construction/rehabilitation of ring-

roads”, **4** projects on key area of intervention 3.1 – “Rehabilitation, modernization and equipping of health services’ infrastructure”, **8** projects on key area of intervention 3.2 – “Rehabilitation, modernization, development and equipping of social care infrastructure”, **1** project on key area of intervention 3.3 – “Improvement of equipment used by operational units for public safety interventions in emergency situations”, **16** projects on key area of intervention 3.4 – “Rehabilitation, modernization, development, and equipping the school infrastructure for undergraduate, vocational training and university education”, **2** projects on key area of intervention 4.1 – “Development of sustainable business support structures”, **99** projects on key area of intervention 4.3 – “Support for the development of micro-enterprises”, **5** projects on key area of intervention 5.1 – “Restoration and sustainable promotion of cultural heritage; setting up/modernising related infrastructure” and **12** projects on key area of intervention 5.2 – “Creation, development, modernization of tourism infrastructure for the sustainable promotion of natural resources”, with a total value of the requested amount of **257,58 million euro**.

-149 projects are in the pre-contractual phase: 10 on Priority axis 1; 4 on KAI 2.1; 2 on KAI 3.1; 9 on KAI 3.2; 8 on KAI 3.4; 6 on KAI 4.1; 1 on KAI 4.2; 103 on KAI 4.3; 2 on KAI 5.1 and 4 on KAI 5.2 with a total value of the requested amount of 107,64 million euro;

-104 projects are on the reserve list – 12 on KAI 2.1; 6 on KAI 3.1; 11 on KAI 3.2; 56 on KAI 3.4; 4 on KAI 4.1; 15 on KAI 5.1. These are projects that are not funded, but passed the technical and financial evaluation or the evaluation of conformity and eligibility according to the instructions of ROPMA, with a total value of the requested amount of 232,43 million euro.

-186 projects are in different stages of evaluation and selection with a total value of the requested amount of 71,69 million euro;

-440 projects were rejected: 12 on KAI 1.1; 17 on KAI 2.1; 2 on KAI 3.1; 17 on KAI 3.2; 22 on KAI 3.4; 19 on KAI 4.1; 1 on KAI 4.2; 306 on KAI 4.3; 10 on KAI 5.1; 34 on KAI 5.2.

The diagram (Fig. 2) of the amounts requested for funding by the projects submitted until February 25th 2011 at Centru RDA and of the available budgets on priority axes is presented below:

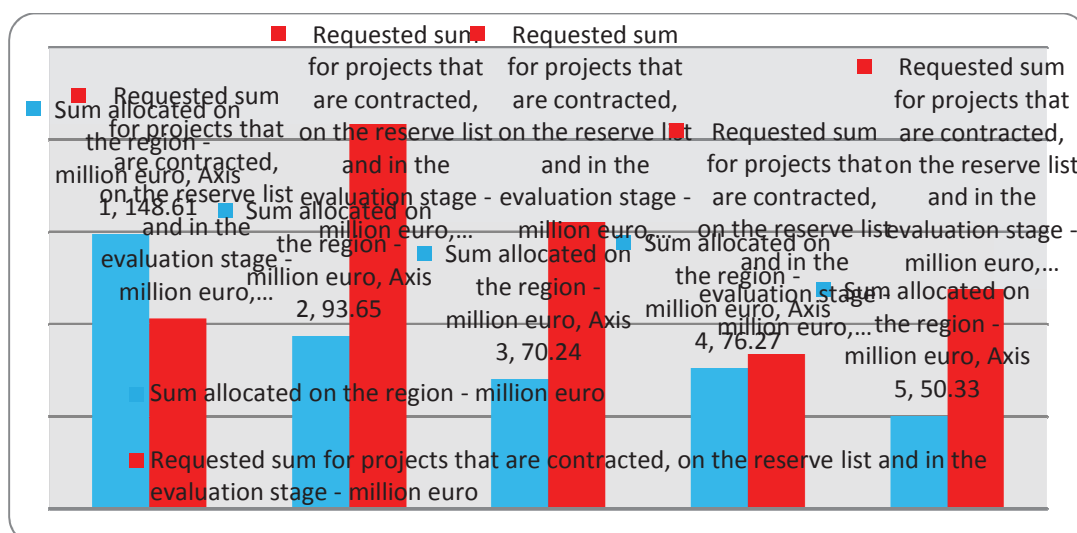


Fig. 2 Available funds, requested funds

Given the mentioned aspects, we may say the total value of the requested amount by the contracted projects, by the projects in the pre-contractual phase, on the reserve list or in the evaluation stage within ROP at the level of the Centre Region at February 25th, 2011 **represents approximately 152,44%** of the funds allocated for the Centre Region by ROP 2007-2013.

The implementation of the contracted projects:

Until February 25th, 2011, in the Centre Region, a number of 174 projects were contracted under ROP for a total value of 1.549.430.419,97 lei, of which the requested amount is 1.104.220.309,58 lei.

Table. 1 The main listed and achieved indicators of the contracted projects

Priority axes/ Key areas of intervention	Indicator	
	Listed in contracted projects	Achieved
1. Urban development		
1.1. Integrated urban development plans	26 streets totalling 18,78 km	
	89.224,49 sqm of access roads and modern passage ways	
	14.651,71 sqm of built bike trails	
	4.784,78 sqm of built pedestrian system	
	8.071 sqm of degraded and unused space that was rehabilitated and turned into a green area	
	4 rehabilitated social centres	
2. Transport infrastructure		

2.1. Rehabilitation and modernization of county roads and urban streets network – including ring-roads	201,18 km of rehabilitated county roads 6,43 km of ring-roads 20,219 km of rehabilitated urban streets	39 km of country roads 3,62 km of urban streets 6,43 km of ring-roads
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3. Social infrastructure		
3.1. Rehabilitation, modernization and equipping of health services' infrastructure	4 rehabilitated specialized outpatient centres	
3.2. Rehabilitation, modernization, development and equipping of social care infrastructure	5 rehabilitated social centres for disabled persons; 5 rehabilitated residential social centres for elderly; 1 centre of neuropsychiatric recovery and rehabilitation; 1 medical and social unit - modernization	5 rehabilitated social centres for disabled persons; 1 rehabilitated residential social centres for elderly
3.3 Operational units for public safety interventions in emergency situations	40 equipped mobile units	40 equipped mobile units
3.4 Rehabilitation, modernization, development and equipping of the school infrastructure	18 rehabilitated schools	
4. Local and regional business environment		
4.1. Development of sustainable business support structures	2 built business centres	
4.2 Rehabilitation of disused polluted industrial sites and preparation for new activities		
4.3 Support for the development of micro-enterprises	76 micro-enterprises - modernization 291 new jobs created	43 micro-enterprises - modernization 201 new jobs created
5 Tourism development and promotion		
5.1. Restoration and sustainable promotion of cultural heritage; setting up/modernising related infrastructure	3 rehabilitated fortresses of cultural heritage 18 fortified churches restored and incorporated into the tourist circuit 1 restored evangelical church of cultural heritage	
5.2 Creation, development, modernization of tourism infrastructure for the sustainable promotion of natural resources	7 upgraded accommodation units; 3 developed recreation units; 3 built mountain rescue units and 1 rehabilitated mountain rescue unit; 1 new ski slope of 540 m 181 new jobs created	

The absorption degree of EU funds in the Centre Region for the Regional Operational Programme **was 11,20%** on February 25th, 2011, taking into account only the value of the paid reimbursement claims.

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